

Message Text

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ACTION L-03

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 OMB-01 TRSE-00

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4669

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E.O. 11652 N/A

TAGS: EFIN, FR, CPRS (L/C)

SUBJECT: ARRAGON CLAIM

REF PARIS 28221

FOR L/C AND EUR/WE FROM KWIATEK AND CUSTER

1. BEGIN SUMMMARY. ECONMINCOUN, EMBOFF AND KWIATEK CALLED ON CABOUAT AND LABRY AT QUAI NOVEMBER 9TH TO EXPRESS CONCERN ABOUT SLOW PROGRESS ON FRENCH SIDE IN PREPARING FIGURES FOR POSSIBLESETTLEMENT AND TO DELIVER U.S. FIGURES PER REFTEL.

2. ECONMINCOUN MADE CLEAR THAT HIS NOW BEING INVOLVED IN ARRAGON MATTER SHOWED INCREASED EMBASSY CONCERN AT FRENCH DELAYS. INDICATED HE WOULD CONTINUE TO FOLLOW ARRAGON MATTER IN EFFORT TO MOVE NEGOTIATIONS ALONG. HE ASKED WHETHER LACK OF PROGRESS ON FRENCH SIDE INDICATED NO INTEREST IN SETTLEMENT AND WARNED THAT US WOULD HAVE TO CONSIDER SUBMITTING CLAIM TO INTERNATIONAL ARBITRATION IF WAY COULD NOT BE FOUND TO SETTLEMENT. END

3. CABOUAT SOMEWHAT TAKEN ABACK BY FORCEFULNESS OF ECONMIN COUN PRESENTATION AND WHILE DEMURRING ON QUESTION OF WHICH SIDE MIGHT BE MOST AT FAULT FOR EARLIER DELAYS DID APOLOGIZE FOR DELAY SINCE JUNE 1973 IN PREPARATION OF FIGURES. EXPLANATION GIVEN FOR DELAY WAS THAT FRENCH PROPOSAL CONTAINED THREE ELEMENTS, SECOND LIMITED OFFICIAL USE

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OF WHICH WAS EXCHANGE RATE GUARANTY. QUAI HAD PROPOSED TO

MINISTRY OF FINANCE THAT GUARANTY RUN FROM FEBRUARY 8, 1946 BUT
MINISTRY OF FINANCE APPARENTLY UNWILLING TO AGREE. CABORAT
INDICATED THIS QUESTION WOULD ONLY BE DECIDED AT MINISTERIAL
LEVEL. CABOUAT MADE CLEAR HOWEVER THAT QUAI HAS BEEN IN FREQUENT
TOUCH WITH MINISTRY OF FINANCE IN PAST WEEKS AND HOPE NOW THAT
FRENCH FIGURES WILL BE AVILABLE WITHIN THE NEXT TWO WEEKS.

4. BASED UPON PRINCIPLES SET FORTH FRENCH AIDE MEMOIRE
KWIATEK SPECULATED THERE WAS A GREAT LIKLIHOOD AMOUNT OF
COMPENSATION MAY BE PARALLEL TO THAT ACHIEVED UNDER THE AGREEMENT
WITH THE GOVERNMENT OF CANADA. CABOUAT RESPONDED THAT FRENCH
PROPOSAL WOULD BE ALONG LINES SIMILAR TO THE AGREEMENT WITH
CANADA AND SUGGESTED THERE WOULD BE LITTLE GIVE IN THE FRENCH
POSITION ON THIS APPROACH.

5. ECONMINCOUN SAID EVEN IF THIS WERE TRUE IT WOULD BE
WELL TO CONCLUDE THIS PHASE OF NEGOTIATIONS AS SOON AS POSSIBLE
SO THAT EACH SIDE WOULD SEE EXACTLY WHAT OTHER WAS PREPARED TO
OFFER. THE U.S. HOPED, HE SAID, THAT WE WOULD BE ABLE TO WORK
OUT A SETTLEMENT ON POLITICAL BASIS AND AVOID THE TIME, EXPENSE
AND POLITICAL CONSEQUENCES OF RESORTING TO ARBRITRATION BUT MADE
CLEAR THAT IF WE COULD NOT REACH SUCH A POLITICIAL SETTLEMENT
THE U.S. WOULD HAVE TO CONSIDER GOING TO ARBITRATION.

6. IN DELIVERING U.S. FIGURES EMBOFF POINTED OUT THAT U.S.
FIGURES INVOLVE OFFER TO SETTLE AT THE LEVEL OF APPROXIMATELY
50 MILLION NEW FRANCS WHEREAS ORIGINAL CLAIM, ON BASIS
SUBMITTED 1969 BUT UPDATED TO PRESENT WOULD INVOLVE FIGURE OF
APPROXIMATELY 70 MILLION NEW FRANCS. (DECONTROL UPON RECEPPT)
IRWIN

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